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SUBJECT: TORRIJOS TO MOVE COMPTROLLER KUZNIECKY TO CANAL  
AFFAIRS

Classified By: Ambassador William Eaton for reasons 1.4(b) and (d).

11. (U) SUMMARY: On April 12, 2007, President Martin Torrijos announced that Dani Ariel Kuzniecky would be the new Minister for Canal Affairs and President of the Panama Canal Authority's (ACP) Board of Directors replacing Ricaurte "Catin" Vasquez. Kuzniecky is currently Panama's highly-regarded Comptroller General. For numerous reasons, Vasquez had been seeking to leave government for over a year. The consensus among Panamanians with whom Post has discussed the matter is that move was not a surprise, Kuzniecky has done a good job as Comptroller General, and while his re-assignment to the ACP is beneficial for the ACP, it may portend problems for the Comptroller General's offices depending on whom is selected to replace him. END COMMENT.

12. (U) On April 12, 2007, Torrijos announced that Kuzniecky would be the new Minister for Canal Affairs replacing Vasquez. Subject to the National Assembly's (likely) ratification, Kuzniecky would also be President of the ACP's Board of Directors. Kuzniecky is currently Panama's highly-regarded Comptroller General. Kuzniecky will present his resignation to the Panamanian Assembly on April 12, but will remain as Comptroller General until a successor is chosen. Although Minister of Economy and Finance Carlos Vallarino is rumored to succeed Kuzniecky as Comptroller General, Torrijos is legally prohibited from publicly making such an announcement. Under Panamanian law, the National Assembly selects the Comptroller General, though in practice it is the President.

13. (C) Publicly, Torrijos said Vasquez had expressed a desire to return to the private sector for some time. A former Governor of Panama told EmbOff that Vasquez had been looking to leave government for over a year. According to this source, Vasquez has complained that he did not have Torrijos' support, was disliked by the legislators and was being used to deliver tough decisions. The source said Vasquez did not actively seek out his removal but waited for Torrijos to act. Vasquez believed that his unpopularity would force Torrijos to remove him. Vasquez may now seek to serve as a consultant to groups seeking to do business with the ACP. Vasquez has yet to make an announcement as to his future plans.

14. (C) Prior to the announcement, Kuzniecky told EmbOff that he was not seeking the Canal position. He said he was upset at hearing rumors of the re-assignment before anyone from Torrijos's office had contacted him. Kuzniecky said he sent a message to Torrijos saying that he, if requested by Torrijos, he would accept a new position but that he "would be the same Kuzniecky and he (Torrijos) should carefully consider where he would ask me to serve." Kuzniecky said he made it clear he would attack corruption in whatever agency he served.

15. (C) Angelica Maytin, Executive Director of the Foundation for the Development of Civil Liberties (Panama's chapter of Transparency International) told PolOff that Kuzniecky's resignation was not a surprise. According to Maytin, it was common knowledge in the transparency community that Kuzniecky wanted to leave, but his reasons were unknown. "It is a shame that Kuzniecky is leaving. He did a good job," added Maytin. However, Maytin did not speculate on the ramifications of Kuzniecky's departure on the future of the GOP's anti-corruption campaign. "It all depends on who they choose to be the next Comptroller," said Maytin. Similar comments have been received from other political figures in Panama.

16. (SBU) COMMENT: Kuzniecky has long wanted the leave the Comptroller General post. Given his solid anti-corruption credentials, this change could be beneficial for the ACP. However, depending who replaces him as Comptroller General, this move could portend weaker GOP resolve to combat corruption in the central government.

17. (U) Bio Note: Kuzniecky has served as Comptroller General since November 22, 2004. Previously, he was a lawyer at Kuzniecky & Co. Kuzniecky lead Torrijos' transition team

from May to September 2004. Kuzniecky's only prior political experience was during the 1999 presidential campaign where he served as vice-president of the "Pro-Martin (Torrijos) Independents" with current Panamanian Ambassador to the US Ferederico Humbert Arias. Kuzniecky holds a law degree from Universidad Santa Maria La Antigua (1984), a Masters in Jurisprudence from New York University's International Law Institute (1986) and has done postgraduate coursework at Harvard University. He is married with two daughters and speaks fluent English.  
EATON